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HOUSE REPUBLICAN CONFERENCE
CHAIRMAN ADAM PUTNAM WASHINGTON D.C. 226-2302

HR 3246 – The Regional Economic and Infrastructure Development Act of 2007

EXECUTIVE SUMMARY

Rep. James Oberstar (D- MN) introduced the Regional Economic and Infrastructure Development Act of 2007 on July 31, 2007. When it was considered on the floor under suspension of the rules, the bill failed to garner the two-thirds majority needed for passage, failing by a vote of 225 to152.

The bill authorizes five regional economic development commissions (modeled after the Appalachian Regional Commission), which are intended to address underdevelopment and poverty through planning and administering grants. It authorizes $1.25 billion over the 2008-2012 period to create the commissions and to fund the grants they will distribute, which include economic and infrastructure development grants and grants to local development districts. The bill also extends federal Davis-Bacon "prevailing wage" requirements to all projects receiving assistance through the commissions.

The Administration issued a veto threat against the bill, arguing that it "would duplicate activities already authorized and carried out under current law" and would "raise several constitutional concerns under the Appointments Clause and with settled separation of powers principles."

According to the Congressional Budget Office, H.R. 3246 would cost approximately $655 million from 2008 to 2012, assuming appropriation of the authorized amounts.

FLOOR SITUATION

H.R. 3246 is being considered on the floor pursuant to a closed rule. The rule:

- Waives all points of order against consideration of the bill except those arising under clauses 9 (earmarks) and 10 (PAYGO) of Rule XXI.

- Provides one hour of general debate equally divided and controlled by the Chairman and Ranking Republican Member of the Transportation and Infrastructure Committee.

- Provides that the amendment in the nature of a substitute recommended by the Transportation and Infrastructure Committee shall be considered as an original bill for the purposes of further amendment.

- Waives all points of order against provisions in the bill, as amended. This waiver does not affect the point of order available under clause 9 of rule XXI (regarding earmark disclosure).

- Provides one motion to recommit with or without instructions.

- Provides that, notwithstanding the operation of the previous question, the Chair may postpone further consideration of the bill to a time designated by the Speaker.

Rep. James Oberstar (D- MN) introduced the Regional Economic and Infrastructure Development Act of 2007 on July 31, 2007. The Transportation and Infrastructure Committee reported out the bill favorably by voice vote, and the Financial Services Committee discharged the bill on September 7, 2007. When it was considered on the floor under suspension of the rules, the bill failed to garner the two-thirds majority needed for passage, failing by a vote of 225 to152.

The bill is expected to be considered on the floor under a closed rule on October 4, 2007.

BACKGROUND

House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) introduced H.R. 3246, which authorizes five regional economic development commissions (modeled after the Appalachian Regional Commission), which are intended to address underdevelopment and poverty through planning and administering grants.

**Note: During the 109th Congress, Representative Oberstar introduced similar legislation (H.R. 1349), which was referred to the Transportation and Infrastructure Committee and the Financial Services Committee, but never considered.*

The Delta Regional Commission and the Northern Great Plains Regional Commission are existing entities and are reauthorized under this legislation. The Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Border Regional Commission have been proposed in legislation introduced in this and previous Congresses.

Three bills were introduced during the 110th Congress that would have established three of the Commissions individually – the Southeast Crescent Regional Commission Act of 2007 (H.R. 66); The Northern Border Economic Development Commission Act of 2007 (H.R. 1548); and The Southwest Regional Border Authority Act (H.R. 2068). All three of these bills were referred to the House Transportation and Infrastructure Committee and the House Financial Services Committee, but never considered.

H.R. 3246 provides a uniform method for distributing economic development funds throughout the regions in need of such assistance and seeks to ensure a comprehensive regional approach to economic and infrastructure development in the most severely distressed regions of the country.

SUMMARY
Regional Commissions

- Establishes five regional commissions: Delta, Northern Great Plains, Southeast Crescent, Southwest Border, and Northern Border.

- Membership will be made up of a chairperson (appointed by the President and confirmed by the Senate) and the Governor of each state in the region. Additionally, the President and Governors shall appoint alternates that have the ability to vote in the absence of the member.

  **Note: A State member or alternate may only receive payment from the state they represent for their services on the Commission.*

- Each region shall elect one of the participating governors as a co-chairperson for a one year term (maximum of two terms).

- Each commission shall appoint an executive director and the appropriate staff to carry out the administrative duties of the commission.

  **Note: According to the bill, nobody other than the Federal co-chairperson, staff, and any federal detailees "shall be considered to be a Federal employee for any purpose." Federal detailees must be paid only by the agency that detailed them to the Commission.*

- An affirmative vote consists of the vote of the Federal co-chairperson and a majority of the state members.

Purpose of the Commissions:

- Assess the needs of the region;

- Develop infrastructure development strategies to establish priorities and approve grants for the economic development of the region;

- Establish priorities for an economic development plan (within one year), which should include 5-year regional outcome targets;

- Provide support for (or foster the creation of) local development districts;

- Encourage private investment in regional economic development projects;

- Assist states in the creation of state economic development plans and assist with interstate cooperation;

- Work with states to establish legislation to enhance local and regional development; and

Administration of the Commissions:

- Commissions shall meet within 180 days of enactment of this legislation, at least once per year and any additional meetings deemed necessary.

- The Commissions may hold hearings; take testimony under oath; adopt bylaws; provide for retirement and benefit programs for commission employees; request detailees from agencies; maintain a government relations office in Washington, DC.

- The Commissions administrative expenses will be funded by the Federal government (50%) and participating states (50%). The Federal government shall pay all of the Federal co-chairperson's expenses. The states shall determine, by a vote, each state's share of administrative expenses (the Federal co-chairperson cannot participate in this vote).

  **Note: Any state that is delinquent for more than one year shall not be able to vote or receive assistance for projects not currently underway.*

- A State member, alternate, employee, or officer cannot participate in any matter when they (or their spouse, minor child, partner, organization to which they serve a leadership role, or person / organization to which they are negotiating employment) have a financial interest in the matter.

  **Note: The individual may receive a written decision from the commission allowing them to participate in the matter if their interest is not substantial.*

Tribal Co-chairperson

- The President shall appoint (with Senate confirmation) a tribal co-chairperson (and an alternate tribal co-chairperson) for the Northern Great Plains Regional Commission, who shall serve as a liaison between the local tribes and the commission.

Grants

Grant applications shall be evaluated by the Commission state member that represents the applicant. The state member must certify that the application meets appropriate criteria prior to a vote required for approval.

A political subdivision cannot receive assistance from more than one Commission.

**Note: The Commission may contribute 50% of the grant, unless it is for an economically distressed county in which case the Commission may contribute up to 80% of the grant (If the grant benefits three or more counties or is considered a regional project, the commission may contribute 60% and 90% of the grant respectively.)*

Economic and infrastructure development grants

The Commissions may make grants to state, local and tribal governments as well public and nonprofit organizations in order to:

- Develop transportation infrastructure, basic public infrastructure, and telecommunications infrastructure for the region.

  **Note: These areas should comprise at least 40% of the Commission's grant funds.*

- Assist in job training and employment skills development; promote resource conservation and open space protection; and promote the development of renewable and alternative energies.

<u>Local development districts and organization grants</u>

The Commissions may make grants available to local development districts for assistance in payment for development planning and administrative expenses.

**Note: The amount of the grant may not exceed 80% of expenses and the grant may not be awarded for more than 3 fiscal years.*

<u>Distressed, transitional and attainment counties</u>

Commissions shall designate (within 90 days) distressed counties, transitional counties and attainment counties and shall spend 50% of funds appropriated on distressed counties and isolated areas of distress in the region.

<u>Authorization Levels</u>

The following funds are authorized for each Commission:

$40,000,000 for Fiscal Year 2008 ($200 million total)

$45,000,000 for Fiscal Year 2009 ($225 million total)

$50,000,000 for Fiscal Year 2010 ($250 million total)

$55,000,000 for Fiscal Year 2011 ($275 million total)

$60,000,000 for Fiscal Year 2012 ($300 million total)

<u>Davis-Bacon</u>: The bill extends federal Davis-Bacon "prevailing wage" requirements to all projects receiving assistance through the commissions.

Note: The Administration expresses opposition to this provision in its Statement of Administration Policy.

Reports

- Each commission is required to submit an annual report to the President and Congress, which shall include a list of criteria the Commission uses to designate counties, an evaluation of the Commissions economic and infrastructure development plan and the State economic and infrastructure development plans, and any policy recommendations approved by the Commission.

ADDITIONAL INFORMATION

The Administration issued a veto threat against the bill, arguing that it “would duplicate activities already authorized and carried out under current law” and would “raise several constitutional concerns under the Appointments Clause and with settled separation of powers principles.” (Statement of Administration Policy, 10/03/2007)

COST

According to the Congressional Budget Office (CBO), “H.R. 3246 would authorize the appropriation of $1.25 billion over the 2008-2012 period to establish five regional commissions that would award grants to state and local governments, Indian tribes, and nonprofit organizations to promote economic and infrastructure development among member states. Assuming the appropriation of the specified amounts, CBO estimates that implementing H.R. 3246 would cost $655 million over the 2008-2012 period. Enacting this bill would not affect direct spending or revenues.”

CBO estimate available at http://www.cbo.gov/ftpdocs/85xx/doc8571/hr3246.pdf

STAFF CONTACT

For questions or further information contact Charles Cooper at (202) 226-2302.